

APPENDIX F
Adjutant General's Department
2010 Workforce Plan

Business Functions

The Adjutant General's Department is the state agency that provides assistance and support to the Texas Military Forces. The Texas Military Forces are comprised of the Army National Guard, the Air National Guard and the Texas State Guard. The Army and Air National Guard have the responsibility of both federal and state missions. The traditional one weekend a month and two weeks each summer activities of the National Guard have evolved and now occur throughout the year, but are still funded by the federal government outside of the state legislative appropriation process.

State active duty is the response to the emergencies such as fires and floods authorized by the governor and paid by the state. During state active duty, the Adjutant General's Department is responsible for running additional payrolls to pay the Guard members for their service to the citizens of Texas. Deployments to foreign countries to fight the "global war on terrorism" or peacekeeping missions are federally funded activities. Coordination and cooperation with the Division of Emergency Management, State Auditor's Office, the Comptroller's Office, the State Office of Risk Management and the Employee's Retirement System on payroll and benefits is essential for both state and federal duty.

The Adjutant General's Department is responsible for contracting with the United States Property and Fiscal Office through a Master Cooperative Agreement to provide services to the National Guard. The breadth of services has continued to increase during the years of defense cutbacks. The State of Texas has benefited through the creation of additional federally funded state employees that impact the local economies. The primary functions provided are for building repairs, grounds maintenance, environmental oversight and protection of the state and federal installations that house our National Guard members.

The National Guard has funded several unique programs that are part of the Master Cooperative Agreement. The truck rebuild program in Saginaw employs more than 200 state employees to repair and refurbish trucks from National Guard units around the nation. The ChalleNGe program in Galveston graduates over 200 high school aged at-risk youth with GED's, college scholarships and life skills to be an asset to society. The STARBASE program in Houston at Ellington Field ignites the imagination of 3rd to 5th graders to the possibilities that math and science can provide.

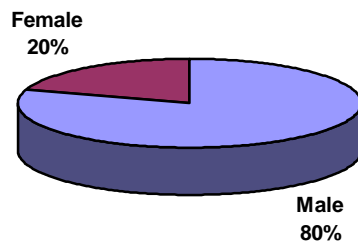
The core business processes of purchasing, accounting, budgeting and human resources management ensure that utilities are paid on the buildings, necessary repairs are completed and National Guard members are compensated when called by the Governor to respond to natural disasters. The Adjutant General's Department continues to make progress in maintaining and restoring our existing structures throughout the state to meet the training needs of our soldiers and airmen. The State of Texas gains an economic benefit of over \$1 billion a year from the \$10 to \$12 million that is appropriated to the Adjutant General's Department each year.

Future Considerations

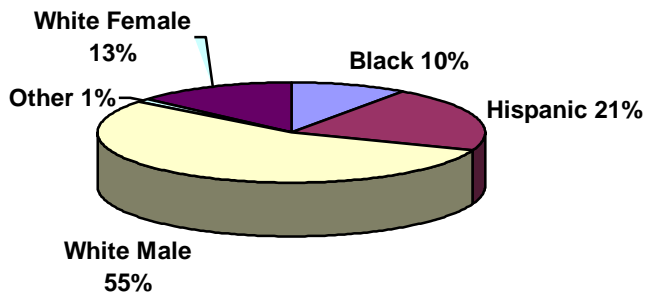
The magnitudes of activities that continue to arise tax the existing federal and state infrastructures beyond our existing boundaries. The continuation of the federally funded programs through the Master Cooperative Agreement is inevitable even though they were once considered to be temporary. The sudden change in the nation's defense plan makes many of those programs essential for the current climate. The agency will continue to evolve with the demands of the Department of Defense. If Homeland Security continues to be a state function, then considerations for hiring, housing and training experts within our agency becomes a requirement. Fortunately, most of those expenses can be borne by the federal government through the members of the National Guard at little or no expense to the state. However, the utilization of general revenue for state active duty by National Guard members for planning efforts requested by the Governor and the Division of Emergency Management has become a necessity.

Current Workforce Profile (Supply Analysis)

It continues to be the goal of the Adjutant General's Department to be a true reflection of the state's population in all types of positions throughout the agency. The chart below indicates the current male to female percentage is 80% to 20%.

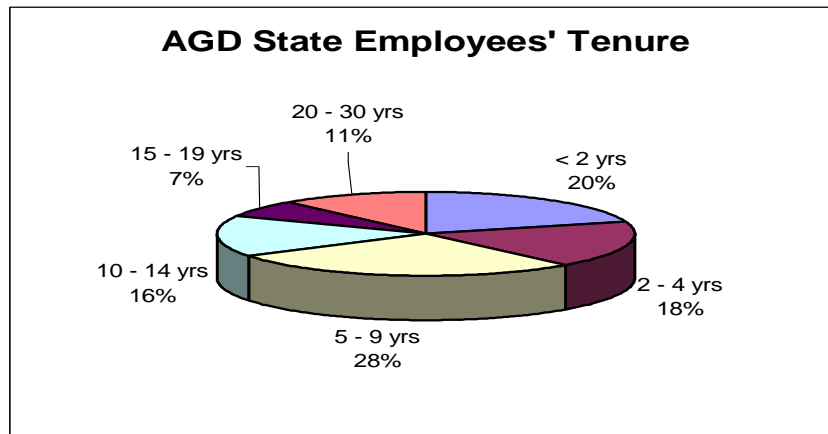


The Adjutant General's Department is currently comprised of 631 state employees, of which 35% of the workforce are minorities, plus 45% of the workforce are minorities, when including all females. The higher percentage of males is attributed to the high number of skilled craft positions being added to the agency in the Truck Rebuild Program located in the Fort Worth area.

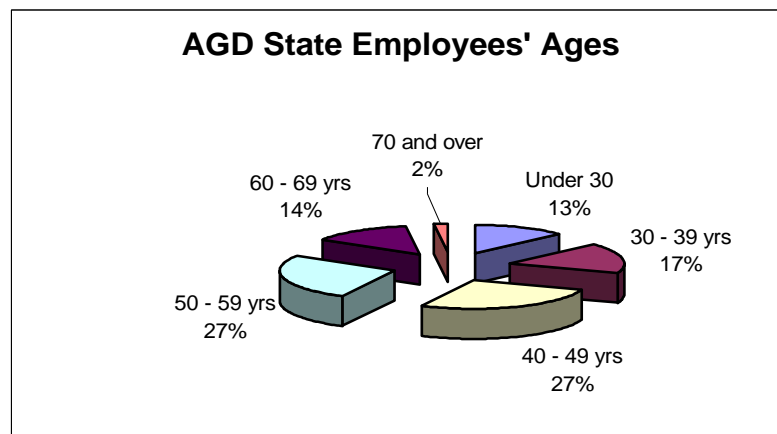


An extremely high percentage of the state employees' tenure is relatively short with the

Adjutant General's Department. The chart below indicates that 38% of the employees have 4 years or less time with our agency. A closer look at the agency's federally reimbursed programs would show that the Truck Rebuild Program in Saginaw (217 employees) is only 13 years old and the ChalleNGe Program in Sheffield (42 employees) was transferred to our agency 9 years ago.

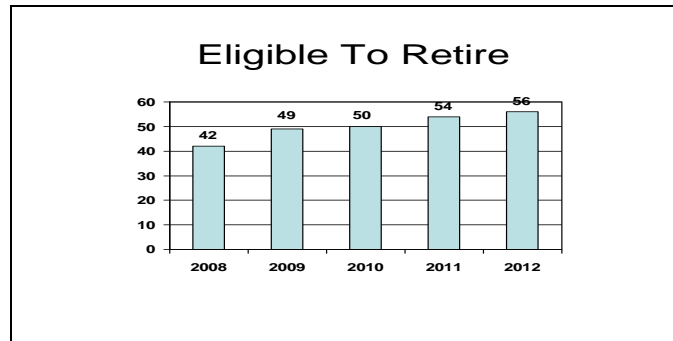


The Adjutant General's Department due to the close relationship with the military has a very senior staff in terms of relevant experience. A number of the state employees are working on a second career after the completion of their military careers. This relationship has provided the agency with many qualified older employees who are looking to state employment as an opportunity to continue to serve. The chart that follows shows the age breakdown of our workforce with 70% above the age of 40.



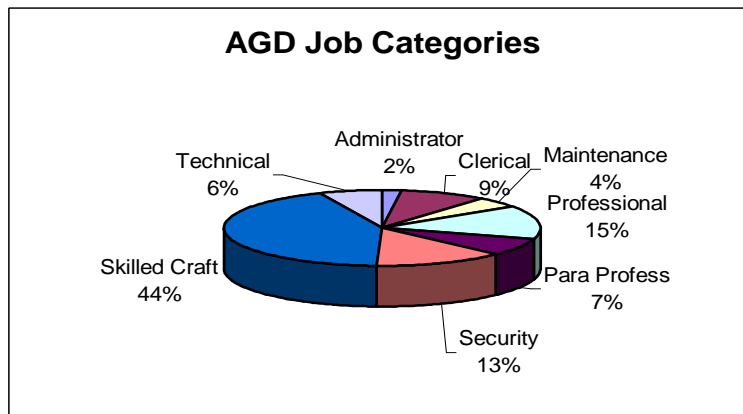
The following chart shows the employees eligible to retire in the 2008 to 2012 timeframe. The numbers below show that 42 and 49 employees were eligible to retire in 2008 and 2009 fiscal years, respectively. However, only 17 actually retired within the calendar years of 2008 and 2009. It should be noted that there are currently 19 employees who have returned to work after having retired with the state. There are many employees who have been eligible to retire for a few years, but continue to work for the state due to their dedication to public service. In addition, the older state employees of the Adjutant General's Department are seeking to reach the 10 year service threshold to qualify for the

insurance benefits that state retirement brings. Still others will seek to reach 65 before retiring due to the change in insurance eligibility.



The National Guard Bureau chose to fund additional positions at the Truck Rebuild Program in Saginaw. This is one of only two programs of its kind in the nation. The decline in our turnover from the high of 31.9% in fiscal year 2000 to 17% in 2009 and a projected estimate of 17% for the current fiscal year continues to hover around our annual goal of 20%. The stability of funding for our federal programs would indicate that our attrition rate should continue to remain around or below 20% over the next five years.

The Adjutant General's Department employs a diverse group of skill sets to meet the unique demands of the agency's primary customer, the National Guard. The State of Texas provides facilities throughout the state for the National Guard members to meet and train. The chart below shows that 61% of our agency is involved in providing grounds maintenance, crafts of plumbing, carpentry, HVAC, etc. to repair and maintain the buildings and protective services to secure the locations and equipment. The remaining staff is divided among the core functions of accounting, budgeting, purchasing, environmental protection, engineers, architects, legal services, youth education and human resources management.



The continued support of the National Guard provides funding for training of our staff on dedicated software required to provide information to both the state and federal programs. This training is instrumental in assisting in retention of valuable employees to the agency. In addition, the consistency of the training programs provides for a quicker orientation of new employees to replace the staff the leave the agency.

Future Workforce Profile (Demand Analysis)

The Adjutant General's Department continues to plan for the future through the joint strategic planning process with federal and state employees. The unique challenge of being a federal, state and military organization continues to provide opportunities to excel. The uncertainty of the global war on terrorism and the role of homeland security and homeland defense on the National Guard will impact the daily activities of the Adjutant General's Department.

These increased demands will rely on state employees to provide functions in place of National Guard members who are deployed around the nation or world. The continued influx of technology will provide opportunities to do more with less, to make changes to the agency during natural attrition and to continue to reshape the workforce.

These changes will no doubt increase the need to reduce the backlog of maintenance and repair on our facilities in shorter timeframes than planned prior to September 11, 2001. The National Guard members deserve the best that the State of Texas can provide in facilities and information technology infrastructure to meet the demands of the battles ahead. The information infrastructure will be provided by the federal government to ensure compatibility.

The expected decrease in federal funding for homeland defense and homeland security will require the agency to increase the number of state funded state employees to assist with the coordination of new missions dictated by the Governor through the Adjutant General and the President through the National Guard Bureau.

The current functions of the state employees of the Adjutant General's Department will continue to be critical to manage the fiscal and human resources to the standards required by the United States Property and Fiscal Office. The reimbursement of expenses on behalf of the federal programs is under continuous scrutiny by the federal program managers and the state and federal auditors. This process allows the partnership between the state and the federal programs to leverage the resources to keep the Texas National Guard relevant and ready.

Gap Analysis

The Adjutant General's Department will continue to require the specialized skills of maintenance personnel for the buildings and grounds throughout the state. As these service industries continue to grow in the private sector, it is essential for the state to remain competitive in salary and benefits to meet our needs. Failure to remain competitive will make these positions difficult to recruit and retain.

The Adjutant General's Department is the only state agency that currently employs firefighters. The agency's firefighters are located at Ellington Field in Houston. These

federally funded employees work 24 hour shifts every third day.

The youth education programs, STARBASE and ChalleNGe, will face the competition of increasing teacher salaries in the Houston/Sheffield areas. Since these programs are federally funded, there is little flexibility to make financial changes once the federal budgets have been set. The ability of the local industries and school boards to raise salaries will continue to lure our best teachers and support personnel away from these worthwhile programs.

The specter of retirement for roughly 39% of our employees over the next five years does concern our agency. The reality that a much smaller percentage will actually take advantage of the benefit due to the current economic trends and insurance changes provides for an opportunity to plan for our future.

At the present time, we are still under 5% of our workforce being deployed. However, the significant number of security personnel being deployed creates a challenge. New employees must be hired, but they must fully understand that the deployed employee maintains the right to the position when the employee returns from active duty.

Strategy Development

The Adjutant General's Department has been actively involved in process improvement for the last ten years. This process has already begun to recommend and establish policies and procedures that make our agency an attractive place to work. The state employees have been welcomed into the Texas Military Forces family because of the interdependency of the state and federal programs upon each other.

The agency's flexible work schedule, wellness program, employee assistance program, recruitment plan, career ladder and a comprehensive retention program. The ability to work four 10 hour days or a flex schedule for a five day workweek have proven to be a benefit that few people want to leave. The multi-faceted wellness program allows our employees to explore and expand their physical well-being during the business day. The stress and strain of daily life has made our employee assistance program a good investment. The agency's recruitment plan continues to reach out to the entire state. Employee's of the Texas Military Forces, whether federal or state, recommend our agency and recruit for the positions that become available.

As positions become vacant due to attrition, they are examined to determine whether they should continue to exist as a state or federally funded position. Technology has developed to an extent to allow the combination of responsibilities into a single position. If the combination creates more complexity, then appropriate personnel actions are recommended to the Command Staff.

The agency's career ladder has some limitations due the unique state, federal and military organization. This unique combination requires that some positions be federal or military due to the funding agreements. Therefore, the succession planning is tied directly to the military training and rank of our colleagues. A state employee has the ability to take advantage of training that is provided by the federal and military organizations to grow within the position that they currently hold. This training benefits both the state and federal missions, while allowing an employee to take on additional duties and be

rewarded through promotion or reclassification.

Cross functional process action teams are created to allow leadership opportunities for employees. These teams come with training on the approach and methodology of examination and reporting. The problem or process may state, federal or a combination of the two, but the input of employees from different areas is found to be valuable to completely analyze the situation from all perspectives.

The Adjutant General's Department is a partner to the local communities throughout the state. Each organization gets involved in programs that appeal to their employees. The Adjutant General's Department has been a supporter of the Governor's Commission for Women, Habitat for Humanities, Coats for Kids, Meals on Wheels, the Red Cross' Ready Texans, Black History Month, Hispanic Heritage Month, Kid's Day and the State Employee Charitable Campaign.

Those people who volunteer for these types of programs have consistently seen the rewards for the organizations and the individual. Since most leadership positions are limited due to the requirement of military membership and rank, then state employees are given leadership opportunities in a myriad of these programs. The training and experiences gained provide for a healthy competition when the few leadership positions do become available.